

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration

East Central Division

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BURLEY TOBACCO QUESTIONS AND ANSWERS

The Situation

1. Q. What is the present total supply of Burley tobacco and how does this compare with last year's supply?
 - A. The total supply of Burley tobacco on October 1, 1939, was 1,046,000,000 pounds. This is the third largest supply of Burley in history. The supply a year ago was 999,500,000 pounds.
2. Q. How many States grow Burley tobacco?
 - A. Sixteen States now grow Burley, and many of these States have a large part of their farming areas suitable for the production of Burley tobacco.
3. Q. What is the size of this year's crop, and how does this crop compare with last year's?
 - A. This year's crop is estimated at 354,000,000 pounds. Last year's crop was 339,000,000 pounds.
4. Q. Does the 1939 crop exceed the present level of consumption?
 - A. Yes, the current Burley crop is substantially above the present consumption level. The 1938 and 1937 crops also exceeded consumption.
5. Q. What is the trend in annual consumption of Burley tobacco?
 - A. There has been a steady upward trend in the amount used in cigarettes, but this has been largely offset by declines in other forms of consumption. Recently, this upward trend has slowed down and appears to be leveling off.
6. Q. In view of the prospective consumption of Burley, are present supplies unduly large?
 - A. Yes. Although consumption of Burley has been on the up grade, supplies have increased much more rapidly than consumption. The present supply is 46 million pounds greater than the 1938 supply and amounts to more than three years' consumption requirements.
7. Q. Will big supplies increase Burley consumption?
 - A. No. Big supplies of Burley will bring low prices to farmers but will not increase consumption.

8. Q. Why doesn't low price to farmers cause consumption of Burley tobacco to increase?

A. There appears to be little relationship between the farm price for Burley and the amount consumed. This was illustrated by the situation in 1931, 1932, and 1933; prices were ruinously low, but consumption actually decreased. The price received by farmers is a relatively small part of the price paid by consumers for tobacco products.

9. Q. What part of the Burley crop is exported?

A. About 4 per cent, or from 12 to 13 million pounds, and there appears to be little opportunity for increased exports.

10. Q. What effect is the European war likely to have on Burley tobacco prices?

A. Little effect, if any, since so small a part of the crop is exported.

11. Q. What effect have AAA Programs had on the income of Burley growers?

A. Under AAA Farm Programs of 1934-38 Burley tobacco growers received an average annual income of more than 61 million dollars as compared with about 48 million during the preceding five-year period. This was possible notwithstanding the necessity of keeping the average annual production for 1934-38 75 million pounds below the average of the preceding 5 years to eliminate surplus accumulated during this period. It is estimated that the price of Burley since 1933 has been at least 5 cents per pound higher than it would have averaged if AAA Programs had not been in effect.

12. Q. How may marketing quotas for 1940 help present crop prospects?

A. In marketing the crop, competition will be stronger if buyers know that production will be adjusted to probable demand.

Marketing Quotas

13. Q. If Burley marketing quotas are in effect for 1940, will they be based on acres or pounds?

A. Quotas will be on an acreage basis; producers who plant within their 1940 acreage allotments may market their entire production without penalty. This is a change in the marketing quota provisions resulting from amendments to the Farm Act passed by Congress last summer.

14. Q. What will be the individual farm marketing quota?

A. The production on the farm's acreage allotment.

15. Q. What will be the rate of penalty on tobacco marketed in excess of the farm quota?

- A. Ten cents a pound on tobacco marketed from the acreage in excess of the allotment.

16. Q. How will farm acreage allotments be determined?

- A. In determining individual farm allotments, a usual or normal acreage will be established for each farm. The normal acreages will be established by the committees in each county on the basis of the past acreage of tobacco (plus acreage diverted under AAA programs), land, labor, equipment, crop rotation practices, the soil, and other physical factors affecting Burley production. The usual or normal acreage will be used in determining the 1940 allotments for all farms in the State, and in order to bring the farm allotments within the State acreage allotment, there will be a uniform reduction for all farms from the normal acreage. This means that 1940 allotments for all farms, both large and small, will be computed on a comparable basis.

After these computations, the allotments for small farms will be increased by 20 per cent but not above the acreage which, with normal yield, would produce 2,400 pounds of tobacco. For example, if the allotment originally computed for a farm is 2 acres and the normal yield is 2,000 pounds (1,000 pounds per acre), then the allotment will be increased 20 per cent to 2.4 acres. On the other hand, if the original allotment is 2.2 acres and the normal yield 2,200 pounds (1,000 pounds per acre) then the allotment will be increased to only 2.4 acres rather than 20 percent. With these increases the allotments for small farms will bear about the same relation to the allotments for other farms as that which prevailed under the programs of the last two years.

17. Q. What is meant by a small farm?

- A. A small farm is any farm separately operated, controlled and directed, for which the normal yield times the computed acreage allotment is less than 2,400 pounds.

18. Q. Will there be any transfer of quotas?

- A. No. Since all production on the acreage allotment may be marketed without penalty, there will be no transfer of quotas from one farm to another.

19. Q. Will the acreage allotments for 1940 require producers to make adjustments from their 1939 plantings?

- A. Yes. Because of increased stocks resulting from recent crops, the 1940 acreage allotments will require adjustment from the 1939 plantings of Burley growers. The average reduction from the 1939 allotments will be about 10 per cent for regular tobacco-producing farms. (Flue-cured growers are making an adjustment of 20 per cent from 1939 allotments.)

20. Q. Will acreage allotments be available for new farms in 1940?

- A. Yes, but such allotments necessarily will be limited in view of the

reductions from normal plantings which need to be made by old growers.

21. Q. If a farmer has no allotment in 1940 and produces tobacco, will he have penalty on all sales?
- A. Yes, since all the production will be on acreage in excess of the farm acreage allotment.
22. Q. Will the State acreage allotment for each of the States be about the same proportion of the total national allotment in 1940 as in 1939?
- A. Yes. The State acreage allotments will be such that farms in different States with similar history and operated under similar conditions will receive approximately the same allotments.

The Referendum

23. Q. On what date will the referendum be held?
- A. November 21, 1939.
24. Q. Who can vote in the referendum?
- A. Any person who shares in the proceeds of a Burley crop in 1939. Also, any person who planted Burley in 1939 and due to reasons beyond his control did not harvest any tobacco from the acreage.
25. Q. Where will farmers vote?
- A. At a designated polling place in each community.
(Names could be inserted here in each community.)
26. Q. How did flue-cured tobacco growers vote in the referendum on October 5, 1939?
- A. About 250,000 growers voted in the referendum, 90 per cent of whom favored marketing quotas for their 1940 crop.
27. Q. How do conditions for Burley compare with those for flue-cured?
- A. There are excess supplies of both types. Fortunately, the present surplus of Burley is not so burdensome as that for flue-cured, but it is continuing to grow.
28. Q. If a sufficient majority of growers who vote in the Burley referendum favor quotas, will they be in effect in all areas?
- A. Yes. If $\frac{2}{3}$ or more of the farmers vote in favor of 1940 quotas for Burley, they will be in effect throughout the Burley Tobacco Belt.
29. Q. If a sufficient majority favor quotas, will these quotas be in effect more than one year?
- A. No. They will apply only to the 1940 crop.